

who create the engine of our economy. So I hope my words are taken in the manner in which they are offered, because in all of our districts we are finding deep and continuing pain, hurting families, individuals who have lost their jobs with no opportunities for further employment.

Right now we know nearly 6 percent of Americans are unemployed. In the African American community in particular, 17 percent are unemployed. I call that, Mr. Speaker, a crisis.

The Nation's health care system is in need of great reform. Just this last Saturday night I spoke to a group of physicians, private physicians and those who work in our public hospitals. Might I note to one of my colleagues, the gentleman from New Jersey (Mr. PALLONE), I would thank him for generating 270 names, bipartisan names, on the question of addressing the Medicare crisis and ensuring that physicians and nurses and others who deal with our health care are provided the amount of payments that will allow them to keep their doors open.

The continuing resolution that we just passed, but more appropriately, the appropriations that we need to pass, has to address the fact that more than malpractice issues, our physicians are closing their doors. They are disenrolling and not enrolling individuals because their payments are not there.

I hope that the very first item that we will deal with as we come back to deal with the 108th Congress will be the idea of freezing or increasing the Medicare payments that are necessary to keep the doors of physicians open. My commitment to our local physicians in Houston, Harris County, is that I will continue to fight for those dollars for physicians, nurses, hospitals, nursing homes, home health services, and other health care providers. That is a key.

One of the other things we need to fight for is full funding of Medicaid, and also the changing of the formula so Texas is not disadvantaged. Right now, our State legislature and the Governor are dealing with a \$10 billion deficit. I hope the President will announce that he has discovered that the dividend discount tax cut helps no one; that he would much rather help the State of Texas, the State of Illinois, Ohio, New York; that he would much rather agree with the Democratic plan to provide block grants of monies to States that will help them in Medicaid funding, that will help them in education funding, and that will help them with special projects, education funding, that will put people to work.

I believe we can always reform. I believe the President can reform his message to address the working people of America.

Let me also say that there has been great concern. I have just filed House Concurrent Resolution 2, which repeals or asks the Congress for a sense of Congress resolution to repeal the October resolution on the Iraqi war.

Mr. Speaker, that vote was a vote of conscience. I challenge no Member in this House as to how they voted. But what I will say is that the Constitution is near and dear to me and many Members of Congress; in fact, all of us. Clearly, we have the right to declare war.

When we debated that resolution, Mr. Speaker, we viewed the words of the President as suggesting that we were under imminent attack, and that there was a nexus between Saddam Hussein, Iraq, and terrorism. Whatever might have occurred, we have more facts now, Mr. Speaker. We do understand, as I close, that there are more indications that we should look for a political resolution. The U.N. inspectors want more time. They need more time to look for nuclear weapons. North Korea is on our very horizon.

Mr. Speaker, people are hurting, and I believe the United States can do better than what we have done. I believe the President can cause us to reach to our higher angels by providing for the working people of America; and saying to the world that we stand on the side of peace; and saying to this Congress, come with me, rise to a new debate, discern and design a better policy about Iraq and North Korea, and then we can spend our dollars on building this Nation again, building jobs, and building peace.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. STRICKLAND) is recognized for 5 minutes.

(Mr. STRICKLAND addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

THE PRESIDENT'S CREDIBILITY GAP

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 2003, the gentleman from New Jersey (Mr. PALLONE) is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, I took to the floor this morning during our morning hour debate to express my concern over what I call the President's credibility problem. I talked about a credibility problem in the context of not only what we expect to be in tonight's State of the Union Address, but also by reference to the State of the Union Address that the President made last year.

What I am talking about essentially when I mention a credibility problem is the fact that the President essentially makes promises about what he is going to do to solve the Nation's problems, particularly the economic downturn; but when we look at what he proposes, the action that he proposes to solve the problem, it does not really solve the problem.

So the promise is made essentially by the President that we are going to turn

around the economic downturn, but when we look at the proposals that he announces to accomplish that goal, there is no way that they could accomplish that goal, because they are not designed to accomplish that goal.

The credibility problem exists in so many areas. It is not only with regard to his economic plan, his so-called stimulus plan, it is also relative to the deficit. The President indicated last year that the deficit would be small, that it would be taken under control. Now we know that the deficit is likely to be at least \$300 billion, and I would venture to say that if the President were able to get his economic stimulus package, his promise to make his tax cuts from last year permanent, to follow through and pay for a potential war in Iraq, that we would probably end up with a deficit that could be upwards of \$2 trillion.

That credibility problem also exists with regard to a number of other issues; for example, health care. The President says that we are going to reform Medicare and we are going to provide a prescription drug benefit for seniors in the context of Medicare. What we find out, and we will hear about tonight, supposedly, is a privatization plan for Medicare that does not guarantee a prescription drug benefit unless you leave traditional Medicare and you join an HMO or some other type of private insurance.

The list goes on. We are told that we are going to do things for veterans, and then we see cuts in money for veterans' health clinics. We are told that we are going to implement a situation where no child is going to be left behind in terms of public education. That is the President's theme. But then we find that there is a huge credibility gap, a huge difference between the rhetoric and the reality, because, in fact, money for education is being cut.

□ 1445

Affirmative action is another example. The President says he wants diversity, and he appears to give the impression that he is favorable to affirmative action. But then he asks the Justice Department to file a suit against the University of Michigan because of their affirmative action program. And I am not trying to imply the President is purposefully trying to deceive anyone, but I think the reality is that his ideas of what are going to accomplish the goals that he sets out to accomplish are very different from reality. And whether it is an economic plan, whether it is his idea of affirmative action, whether it is his idea of the deficit or his idea on health care, most of these ideas do not actually translate into any action that will accomplish the goals that the President commits himself to.

I guess the worst example in this respect right now and the one that I think is the most injurious is with regard to the economy. We know that the economy has taken a significant down-

turn. We know that some action needs to be taken here in Congress so it does not get worse. And yet if you look at what the President has proposed, it does not accomplish the goal. He calls it an economic stimulus package that is going to boost the economy. Well, let me go through some of the things that he claims he is going to do with regard to the economy and then talk about the reality of what would really happen with his proposal.

He claims that his plan will have an immediate boost to the economy. That is why he calls it a stimulus package. But the Bush plan fails on the most basic level by not delivering the immediate stimulus needed to help boost the economy in the short term. By the White House's own projection, less than 10 percent of the package's total spending comes this year in 2003 when the economy is weak and people are out of work; and as a consequence, even by his own estimates, the Bush plan will create only 190,000 jobs this year, only 11 percent of the jobs lost since President Bush took office.

Let me give you another claim. The President claims that his plan is fair and is going to provide 92 million taxpayers with an average tax cut of \$1,083. Unfortunately, as with the last tax cut that we had from the President in 2001, this one overwhelmingly benefits the wealthy. Once it is fully phased in, the Bush plan provides more than 40 percent of the tax breaks to the richest 1 percent, with less than 17 percent going to the vast majority of Americans.

I could go on and on. I see one of my colleagues is here, and I would like to yield time. I just want to mention the one thing, though, that is perhaps the most important in terms of what I call the "credibility gap" with regard to the President.

He talks about the fairness of his economic plan because it stops the double taxation of stock dividends. Well, first, double taxation of stock dividends is not a huge problem because much of corporate income is not taxed at all now. Corporations often make aggressive use of tax shelters to avoid paying any tax on profits. Take, for example, the CSX Corporation. Over the 4 years, 1998 to 2001, CSX had a cumulative net profit of \$934 million but received a net Federal income tax refund of \$164 million. And it paid dividends in every quarter.

I think if there is anything that is in his economic plan that has received the most attention in terms of its inability to accomplish the goal of giving the economy a boost is his effort to eliminate the taxation on dividends. Because, really, no economist that I know has suggested that somehow that is going to accomplish the goal. And it has gotten so bad that even a significant amount of Republicans oppose his dividend tax cut. In fact, today, most significantly the House Committee on Ways and Means chairman, the gentleman from California (Mr. THOMAS),

Republican, had said that he had serious questions about the dividend tax cuts. It is an article that is in today's Washington Post. And we will develop this a little more. But I just want to stress over and over again how important it is to look at the President's actions and what he proposes, not his rhetoric about what he is going to accomplish.

Mr. Speaker, I recognize the gentleman from California (Mr. SCHIFF).

Mr. SCHIFF. Mr. Speaker, I thank the gentleman, and I thank him for his leadership on this issue.

Tonight the President will deliver his State of the Union address setting out the challenges facing America in the war on terrorism and his plans for economic recovery. From my seat in this Chamber, I will be listening for one word in particular, "sacrifice."

The word sacrifice should be a natural for a State of the Union address given at a time when the Nation is at war, when we are confronted with the need to defend against new and varied threats to our security, everything from small pox to shoulder-launched missiles that can shoot down commercial aircraft.

Our men and women in uniform are certainly sacrificing. Tens of thousands have been called up, leaving their jobs, their families, often on very short notice and at great financial and personal costs. But what about the average American who is not on active duty or in the reserves? How will we be called upon to make our own contribution to the security and prosperity to the United States?

The centerpiece of the administration's new agenda, and likely his speech tonight, is a \$674 billion tax cut weighted heavily towards America's wealthiest families. Can this be the sacrifice that we will be called upon to make with our most prosperous families being asked to make the largest sacrifice by suffering their taxes to be cut the most? In every conflict since the Civil War, the Commander in Chief has called for an increase in revenues to meet the national defense. Can we have more butter, more guns and no sacrifice? Apparently not.

Senate appropriators just cut \$8 billion for increased security at our ports, cut \$362 million for border security, cut \$500 million for police and fire departments who will be first on the scene of any terrorist disaster, cut \$534 from job training, cut \$1 billion from our schools, underfunding the President's own education initiative. The President's proposal also does nothing to alleviate the States' own budget crises and their correspondingly massive cuts in health care, education and welfare.

Ending the taxation, the double taxation of dividends might be good policy in a vacuum, taking some of the vast fluctuations out of the market. Coupled with reforms that end the no-taxation of other corporate earnings, the provision could be made revenue-neutral; but the administration's proposal

is not coupled with other reforms and at a cost of \$364 billion is far from revenue-neutral. Because the plan would have little effect on current spending and is permanent, it would also do little to boost our sagging economy, while doing a lot to increase our long-term national debt.

But most importantly, the President's proposal is not made in a vacuum. We have so much work to be done to protect the homeland, and we still suffer the lingering effects of a recession. We have lost almost 2 million jobs in the last 2 years and cannot afford tax cuts that would neither stimulate the economy nor help those most in need. Many of us that supported tax cuts when we were at peace and enjoying historic surpluses must vigorously oppose them now that we are at war and in debt.

As the President's own economic advisors will be the first to admit, small business is the driving force for economic growth and the government's ability to positively impact the economy through fiscal policy is limited.

Probably the most significant contribution the Federal Government made to the prosperity of the 1990s was the difficult decision to balance the budget and keep interest rates low. But now we are back to the days of deficits as far as the eye can see. White House budget director Mitch Daniels can only say that the new red ink is nothing to hyperventilate about, which raises the question, where have the fiscal conservatives gone?

Americans are a proud and generous people who are more than willing to sacrifice in a worthy cause. If, instead, we are to give ourselves a gift no other war generation has given itself, we will denude our ability to defend the homeland or, at best, shift to our children responsibility to pay for our economic health and safety.

Mr. PALLONE. Mr. Speaker, I want to thank the gentleman from California (Mr. SCHIFF), and I want to, in particular, mention two things that he stressed which I think fit into this concern that I have about what I call the credibility gap: the fact that the President makes certain commitments about how he is going to deal or solve the problems we have, but then he does not follow through with his actions.

One thing the gentleman made a very good point about was the homeland security. What is really in many people's minds, the most important issue right now, is homeland security, worried about another attack by terrorists. The President made much of the fact that he was creating a new homeland security department and that this was going to be a priority. And, yet, as the gentleman said, when we go back to our districts, literally, a week does not go by when one town or someone who is from a civil defense program or a fire department or a mayor or a State legislator complains to me about how the funds have not come back to the counties or to the municipalities to deal

with homeland security issues. These are basic things. You need money for certain purposes if you are going to make us more secure.

In my case in New Jersey in the counties I represent, we had over 200 people die at the World Trade Center. I remember during that whole incident one of the things that a lot of the local defense people talked about is the need to upgrade communication systems, and they were looking for Federal funds for that.

The President makes a big to-do about homeland security, and I am sure he will mention it tonight in his State of the Union address, but does not follow through with the funding so that we can improve communication, for example, in New Jersey for homeland security purposes. Then again he is not making good on his commitment.

The gentleman also mentioned the issue with regard to State aid which I think is so crucial. The Democrats have said that as part of an economic stimulus package we will give a significant amount of money back to the States. I think it is \$30 to \$40 billion, or something like that, because we know that they face a huge fiscal crisis. But not only is he not providing for any money to go back to the States for any kind of significant purpose, but as I understand it with this tax dividend, elimination of the tax dividend, it actually makes the States' fiscal crises even worse.

The way it does this is, first, the Bush plan to eliminate Federal taxes on corporate dividends will lead to a drop in State revenues; since State income tax laws are tied to the Federal law, the States will also generally stop taxing dividends. And his proposal to end taxation of dividends will cost State governments \$4 billion this year and \$45 billion to \$50 billion over the next decade according to Harley Duncan, executive director of the Federation of Tax Administrators.

So he will make the situation of the State even worse, and I am glad that the gentleman pointed that out among the other things he did.

Mr. Speaker, I see our new colleague from Maine is here. I just wanted to say, I know this is not necessarily on point, although I think it is related to what we are talking about, I just wanted the gentleman to know I admire him greatly for his role with the prescription drug plan in Maine, and what he and the gentleman from Maine (Mr. ALLEN) and others have tried to do as Democrats to improve the situation with regard to the costs of prescription drugs.

Once again tonight we understand that the President is going to talk about Medicare reform, but again his promise of Medicare reform falls flat because he is talking about a prescription drug benefit that you would only get if you go outside of Medicare and buy a private plan. I remember the gentleman from Maine (Mr. ALLEN)

talking about the problem. I do not know if this gentleman has any HMOs that take Medicare in Maine anymore, but these gentlemen are doing a good job trying to deal with that issue, and I think the President is just coming up with smoke and mirrors.

Mr. MICHAUD. Mr. Speaker, I rise on the day when President Bush will deliver his State of the Union address to America. I can tell you that in Maine we are proud of America and hopeful about the future. But we are also concerned about where we are today. We are concerned because Maine's rate of unemployment keeps rising, in some counties as high as 9 percent, and in some labor-market areas as high as 32 percent unemployment. We are concerned because we have lost over 23,000 manufacturing jobs in the last 8 years. And we are concerned because just 3 weeks ago we received devastating news that Great Northern Paper Company, where I worked for 29 years and one of the largest employers in my district, has filed Chapter 11, and both mills have been shut down since December 26.

I know that across the country people are hurting and they need our help. Unfortunately, I do not believe that the plan the President will discuss tonight will bring that help.

□ 1500

The so-called economic stimulus package is based on tax cuts that go primarily to the wealthiest Americans. It does nothing to create jobs or fuel the economic activity that would help folks back home at Great Northern Paper Company.

Mr. Speaker, there is another way. Today I ask the President along with my colleagues here on both sides of the aisle to at least consider the Democratic stimulus plan. This plan means targeted tax relief for working families, 1 million new jobs, money in the pockets of average Americans, a boost for consumer demand and business investment.

The Democratic plan does all this, and it does it living within our means. It is fiscally sound. It does not borrow from our children or our grandchildren, burying them with debt and taxing them with interest on that debt.

Mr. Speaker, we all have to work together on this because today Americans' number one worry is the economy. Americans are worried about whether their jobs will be there tomorrow. Americans are worried about earning a decent wage, and Americans are worried about being able to afford the same medicines as everyone else. That is why making prescription drugs affordable for all Americans should be a central part of our economic plan.

In Maine we created a law that allows the State to negotiate with drug companies that uses the free market to get a better deal for consumers. We called it the Maine Rx program. In the coming weeks I will introduce legislation in this House to bring that his-

toric innovation to the rest of the Nation. It is called America's Rx because all Americans deserve to have their government work on their behalf and using the free market system to get them affordable medicines.

This means a lot to real people. A friend of mine, a man who worked next to me at the paper mill for almost three decades, has cancer. He cannot retire. He would have no health benefits if he does, and he cannot afford his medicine on his own. He has to keep working while he is sick, but now, with the company in bankruptcy, he does not know what he is going to do.

These are the kind of people we need to help. This is why the cost of prescription drugs is so important, and this is why keeping people working in their jobs is so important, and this is why the health of our economy is so very important.

I look forward to working with my colleagues here in Congress to create a real economic stimulus package, and to create real job security, and to create real health policies that works for all the people.

Mr. PALLONE. Mr. Speaker, again, I want to thank my colleague from Maine for his comments, and let me say, first of all, that when he introduces his America's Rx bill, I would be glad to be one of the cosponsors because I looked at it, I read about it, and I think it is a very good and needed legislation. He points out very effectively again why it is important for us to speak out on the Medicare issue and on the prescription drug issue.

And again, I sound like I am just being critical of the President, but I think on this one, it is just a perfect example of where he is going to be giving the impression tonight that somehow he is going to reform Medicare, he is going to provide a prescription drug program, but then when we look at the data, it is just not there.

It is essentially a privatization of Medicare. It essentially says if a person is willing to join an HMO or if they are willing to take Federal dollars and get into some other kind of private program, we will provide them with a prescription drugs benefit, but for the vast majority of the Americans who either will not want to get out of traditional Medicare or will not even have the option, because in a lot of States, particularly more rural States, they do not even have the option of an HMO, it is not going to be meaningful.

We have worked for a couple of years now, and we know that there are very simple ways of addressing this problem. One of the ways to deal with the costs is our colleague from Maine's proposal, we call it the Allen bill, that would basically limit how much prescription drugs can be charged for, and I have been a cosponsor of that, but we also have a Democratic plan for a benefit package that would simply expand Medicare, create a new Part C or D, which is very much like what we do now for Part B with the doctor bills. A

person pays \$25 a month, they get 80 percent of the cost of their prescription drugs paid for by the Federal Government. They have a \$100 deductible, and it is guaranteed to everybody. Everybody who wants it under Medicare gets it. They do not have to join an HMO. They do not have to go outside of traditional Medicare to get it, and that is the only way or the most effective way that we are going to accomplish the goal of guaranteeing a prescription drug benefit.

The President not only does not do that, but he is looking to basically revamp Medicare itself and privatize it because he says there is not enough money, and I just hope that the public understands that we need to keep the drumbeat going so they understand what he is really doing, that he is really not credible on this issue. And I appreciate the fact that my colleague is here, and I will make sure that I cosponsor that bill when he is about to introduce it.

I yield to the gentlewoman from Texas, who was already here this evening talking about the problems with the Bush economic stimulus plan.

Ms. JACKSON-LEE of Texas. Mr. Speaker, as the gentleman from New Jersey (Mr. PALLONE) knows, I was here earlier, and I just wanted to add two or three points to the discussion that I think are very important.

One of the points that I did not get a chance to make is to report some of the numbers that we are entertaining as relates to this whole idea of war. We made it very, very clear that as it relates to fighting terrorism, there is clearly no divide, and for some reason or another, there seems to be a media block, a mental block or some translation block that in this Congress no one disagrees on the fight against terrorism. In fact, right now we are spending \$1 billion a month in Afghanistan, where most of us joined in the vote to give the President the authority to do so and, of course, the expenditures to do so.

The real issue is making choices. Right now we can make a choice as relates, of course, to the Iraqi war. That is looking to cost at least \$100 billion or maybe upwards to a trillion dollars. So when we talk about these choices, my colleague's legislation from Maine that I hope to join as well, we are talking about making the political solution or looking to the political solution as relates to Iraq so that we can put the dollars in to fight terrorism, to build up the Homeland Security Department, to do what the motion to recommit just offered to do, which is to pay more dollars for the first responders.

I am particularly concerned of getting dollars to the city. The U.S. Congress and mayors just met recently talking about the devastation they are facing. I just mentioned that the State of Texas has billions of dollars in debt, and I would like to see us get block grants to the State, but, more specifically, dollars to the city, so that

money for first responders, paramedics, firefighters, police, that can really address the question of terrorism in all segments of cities.

Cities have inner cities. They have housing developments. They have high stock housing. They have low stock housing. They have neighborhoods that are better off than others, but all of those people will have to be protected if we are under attack in terms of a terrorist attack, and clearly those cities who need resources to rebuild, to fight off a bioterrorist attack, to do the various immunizations that may be necessary, and we do not have the necessary funds.

Secretary Ridge will need the dollars to, in fact, put his Department together, even though many people say 170,000, they will just be moving over. There is a lot of logistical dollars that have to be utilized in order to make it work. So I wanted to lay the choice on the table that we have to make, and if we made the choice to completely fund a guaranteed Medicare prescription drug benefit, we would not have to worry about an HMO plan. We would not have to worry about what happened to me in my community just about 2 years ago where six HMOs abruptly left HMO-Medicare, left the community, which left seniors with no HMO to provide them coverage.

So I have seen what happens when HMOs leave a market and say the reason why we are leaving it is because we cannot make any money. It is far better to address specifically the Medicare prescription drug benefit, but let me also say it is far better to address the whole concept of health care in America to the extent that we have so many uninsured, and we need to respond to that as quickly as we can.

I believe that we can use the moneys that are now being used for war for expanded unemployment benefits to 52 weeks; to increase the minimum wage, which we have not talked about for a long period of time; full funding of Head Start; and then, of course, the full funding of Medicaid for public hospitals; and, of course, the Medicare fix that I think we need that our letter suggests should go forward, and that is to make sure physicians' money are either frozen or increased. I wanted to just overemphasize that.

And let me close by saying, I have always offered these words. These are frightening words because for some reason or another we have taken to believing a country that was built on immigrants now at the fault, that we have a problem that we have because of immigration. I think not. I think that we can be secure in homeland security by strong funding, but I think that as well we need to look at some of the issues that require enhanced funding of the INS so they can do their job of enforcement, but also do their job of allowing people to access legalization, like a bill that many of us supported, Republicans and Democrats, the re-statement or the reinstatement of

245(i) to allow families to be reunited. That takes dollars in order to work.

We need to pass the legislation, but in order to implement it, these are the kinds of values and legislative initiatives that I would hope that we would hear about. But more importantly, I would hope that we would energize the Congress by passing this kind of approach to governing America's business, a stimulus that is long term, Medicare guaranteed drug benefit that answers the cries of seniors for about 6 years, and other legislative initiatives that I have just mentioned that truly help to rebuild the country and ease the pain of so many Americans now that are suffering under this economic crisis that we are in.

I thank the gentleman very much and for his leadership on some of these issues. I hope we will get to work in the 108th Congress.

Mr. PALLONE. Mr. Speaker, absolutely, and again, particular statements the gentlewoman made about homeland security and the potential war, it goes back to what I was talking about, this whole idea of, I call it the State of the Union credibility gap. In other words, the President promises to accomplish a goal, but no action is taken that would achieve that goal, and I think it is very true with the homeland security issue.

In other words, we get up and talk about how we are going to protect the homeland, but then when the money comes for the first responders back at home in our towns or counties, money has not been there; and even the war in terms of a potential war in Iraq, the budget does not include, the President's budget does not include the cost of fighting the war. So when we talk about this deficit, which we estimate to be about \$300 billion at this point, it does not include the cost of the war, which could be 2-, 300-, maybe as much, and put us in deficit to \$600 billion, and I think that is the problem.

We are getting a lot of rhetoric from the President, but we are not getting the action that goes along with it, and I know I have my colleague here from Ohio who is going to talk about that also in the sense of the veterans' benefits. I had said earlier, and I know he is going to get into this in more detail, but the President gets up here and talks about how he is a champion of the veterans, but then the White House cuts funding for VA health clinics, forcing 164,000 veterans to be turned away, and I am hearing this all the time in my district about how the money is not there.

I appreciate the gentleman coming down here, and I yield to the gentleman.

Mr. STRICKLAND. Mr. Speaker, I thank my colleague for yielding to me.

In just literally a few hours the President is going to walk into this Chamber. It is going to be filled with all of the Representatives and Senators and President's Cabinet, members of the Supreme Court, some members of

the diplomatic corps. The press is going in the balcony. It is going to be one of those great occasions, and the President is going to stand and deliver the State of the Union Address, and he is going to talk about priorities, and he is going to use a lot of words.

And I have been here long enough to know that talk is easy, action is sometimes difficult, and I want to speak specifically about the priorities that this administration is pursuing.

At a time when we are on the brink of war, hundreds of thousands of our young men and women sent across the sea, possibly to engage in a conflict that could cost them their lives, what message are we sending to those who have already fought the battle, who have fought in past wars, who have paid with their health, sometimes their limbs? What message are we sending when we start nickel and diming the veterans of this country?

I have an older gentleman who is coming into this chamber tonight as my guest from Woodsfield, Ohio, a little town along the Ohio River. His name is Herman Zerger.

□ 1515

Herman is a World War II veteran. He voted for the very first time crouched in a foxhole in France. And he said a runner brought a ballot by and he was able to mark his ballot for Franklin Delano Roosevelt. Herman has not missed voting in an election since that very first time that he voted.

I asked him to come here tonight because he is a World War II veteran. He is a treasure. He is a treasure to me and to my district. He is the kind of person that this country ought to be honoring and showing respect for and gratitude toward. But what is this administration doing to the Herman Zergers across this country? Let me tell my colleagues what they are doing.

About a year ago, the VA made a decision to increase the copayment for the cost of a prescription drug that our veterans must pay from \$2 a prescription to \$7 a prescription. Many veterans that I represent get 10 or more prescriptions a month. That is \$70 a month. And then they get a 3-month supply at a time through the VA, which is \$210 for a veteran who may be on a fixed income. Think about it. At a time when we are contemplating giving over \$600 billion in a tax cut to the richest 5 percent of the people who live in this country, we are increasing the cost of medicine for our veterans.

Let me talk about another decision the Veterans Administration has made. Last August, they sent out a memo to all of their health care providers; and they said to their health care providers, too many veterans, and I am paraphrasing obviously, but this is what they said, too many veterans are coming in for services. We do not have enough money to provide those services, and so this is how we are going to deal with it. As a health care provider, you are no longer able to participate in

a community health fair to tell veterans what services they are entitled to. You cannot send out newsletters telling veterans what services they are entitled to. You cannot make public service announcements telling veterans what services they are entitled to.

It is a gag rule on the VA health providers, an absolute gag rule. I call it the "If they do not ask, we will not tell policy." We are saying to the veterans, if you do not ask what you are entitled to, we will not tell you what you are legally entitled to receive. It is a shameful policy.

And then the VA made a more recent decision, which my colleague referred to briefly. There are seven priority groupings within the veterans system. The VA system took group seven, priority group seven, and divided it and made a new priority group, priority group eight they call it. And then they told these priority group eight veterans, and these are people who have served our country honorably, they told them they can no longer participate in the VA health care system. Now, if they are already in there, they will not kick them out. But if they need to enroll, they cannot.

How much money does a veteran have to make to be in a priority eight group? Well, it depends on where they live in the country, but somewhere between \$26,000 and \$30,000 a year. So if a veteran makes more than that, the VA says, no, no, you cannot enroll in our health care system. You may have high prescription drug costs, you may have serious health conditions, but we cannot afford to provide you care.

Now, think about it. We are raising the prescription drug costs for our veterans, we are placing a gag order on our VA health care providers, telling them they cannot tell veterans about the services that they are entitled to, and then we take an entire group of veterans and we just say, you make too much money.

I want to tell my colleague what a veteran said to me a couple of days ago. He said, "Congressman Strickland, when they drafted me into the Armed Services and asked me to go fight for my country, they never asked me how much money I made then. But now they are saying, well, if you make \$30,000, that is too much money; we cannot afford to provide you with VA health care."

Let me mention just one more thing in closing. I visited a group of veterans in Steubenville, Ohio, about 4 days ago, and they told me about a health fair that they conduct in this little county, Jefferson County, Ohio. They do it every year at the local high school. They do it on a Saturday, using all volunteers. The nurses and the doctors that participate in this health fair give of their own time on a Saturday. They average annually about 500 veterans coming to that health fair. Last summer, they were able to detect four cases of mouth cancer. Four cases. And

those people are now getting treatment.

Under this rule that the VA has imposed, this gag order, that group of veterans can no longer conduct this annual health fair. Think about that. Think about that. What have we become if in our country, as rich as we are, we are willing to take over \$600 billion and give it to the wealthiest among us and yet we are cutting back on the services that we are providing to those who have served this country in the military? It is a shameful set of circumstances.

I hope the President talks about veterans tonight. And when he talks about veterans, I hope he remembers what this administration is doing and that he reverses course. I would love for the President to announce tonight that he is removing the gag order on the veterans health care providers. I would like for the President to say we are reversing the decision to increase the cost of prescription drugs for veterans. I would like for the President to say priority eight veterans are welcome into the VA health care system because they served our country and we owe them.

So I thank the gentleman for giving me a chance to talk about this issue. It is one that really troubles me because I think it says something about the values that our country is embracing at this point in our historical time period. I believe we need to change course, to reverse course and start treating our veterans with the respect and the honor due them.

So I thank the gentleman for giving me a chance to speak to that issue, and I look forward to hearing from others of our colleagues as we talk about the economic circumstances facing this country.

Mr. PALLONE. I want to thank my colleague, Mr. Speaker. I know that he has always been a champion for veterans. And that gag rule, I read about it in the paper; and it upset me a great deal.

In fact, in the last 2 weeks something similar happened with Medicare providers. They sent out to the contractors who run the Medicare program a memo essentially saying the same thing, that we do not want you to go out and do any kind of outreach to tell people about what services are available under Medicare. The sad thing about it is that we are often dealing with frail people. We are dealing with a lot of elderly people with Medicare and also with these veterans benefits. As the gentleman mentioned, in some small towns they may not have the normal means of finding out about what is available.

So it is really unfortunate, and again it goes back to this credibility gap I keep talking about. The President gives the impression, I am sure he will do it again tonight, about how he wants to provide Medicare coverage and expand for prescription drugs and all these great things in the health

care sphere, but in reality we find these memos telling the departments not to tell anybody what is even available now, let alone expand the program. It is totally inconsistent.

Mr. STRICKLAND. If my colleague will yield, I believe the VA has broken the law when they imposed this gag order. I have asked the General Accounting Office to make a determination regarding whether or not the law was broken.

It is my understanding that before such a policy change can be made, that any agency of the Federal Government must bring that policy change back to this Congress for approval or disapproval. The VA has failed to do that. So I am looking forward to getting a determination, perhaps within the next few days; and I believe I am correct in my assumption that the law has not been followed and that the VA is in violation of a law that was passed by this House and by the Senate requiring them to inform the Congress whenever such a policy change occurs. They did not do that in this case.

Mr. PALLONE. Well, I appreciate what the gentleman has said; and I thank him for coming down here, as he often does.

Mr. Speaker, I would like to yield now to my colleague from Wisconsin.

Mr. KIND. Mr. Speaker, I thank the gentleman from New Jersey for organizing this very important Special Order talking about the State of health care in our country. And before the gentleman from Ohio leaves the well, I want to commend him too for all the work that he has done in regards to veterans issue and also for highlighting for a few minutes this afternoon before the State of the Union address the current state of affairs in regards to health care funding for our veterans in this country generally.

Another very important topic that the gentleman did not address this afternoon is the whole concurrent pay issue, and it is something we have all supported, dealing with veterans benefits and disability payments which are currently offset, and that we are trying to correct; but the administration has refused to fund that.

Now, in a few hours, as my colleagues have indicated, the President will be here in the well addressing the Nation, and really the world, in giving us his speech on the State of the Union. We will hear a lot of discussion in regards to Iraq this evening, in regards to probably some of the other international crises which are currently confronting the world and this Nation. Not just Iraq, but the situation in North Korea, the conflict in the Middle East, the situation down in Venezuela, all are very serious. But we have an obligation in this Congress to do all that we possibly can to ensure the safety and the security of our citizens, and we will move forward as a Nation in addressing those concerns.

One of the things I continuously hear from folks back home in my Third Con-

gressional District in western Wisconsin is they also expect us to walk and chew gum at the same time; to not just deal with the national security threats that exist against us, but also deal with the domestic challenges that now confront us.

As I travel around my congressional district, and I am sure it is true for my friend from New Jersey as well, one of the paramount issues that people want to talk about, because they are so concerned about it, is the State of our health care system and the deficiency that they are currently seeing; the fact we have so many people on the uninsured rolls in this country, close to 44 million this year alone; the fact there is a lot of cost shifting going on by our providers because of the inadequacy of reimbursements rates and the impact that has on double-digit premium increases on insurance policies that large and small employers are offering their employees.

This is killing the backbone of our economy, and small business owners in particular. We need to think of bold and creative solutions to the health care crisis that we are facing, not to mention the inadequacy of the current Medicare program and the lack of a prescription drug program, which is long overdue. That is as key and important a part of modern health care today, prescription drugs and access and the affordability of prescription drugs, as hospital beds were back in the mid-1960s when the Medicare program was first created.

One of my chief concerns as we move forward in this 108th Congress is really the economic plan being pursued by the administration. It is one being pursued with fiscal reckless abandon. They are currently projecting close to a \$300 billion deficit this year, which would set a record, an all-time record, in budget deficits for our country. If the economic plan that is currently being pursued with large new spending increases and large new tax cuts continue to be pursued, we will be looking at massive budget deficits throughout the remainder of this decade and perhaps beyond.

This is all occurring at exactly the wrong moment, when we have an aging population, close to 80 million baby boomers all marching in lockstep to their retirement, which is going to start in a few short years. We are not making the type of decisions that we need to make today in order to prepare our country for that inevitability, which is just around the corner.

It is kind of the 800-pound gorilla in this Chamber. Everyone knows about it, but nobody really wants to talk about it or address it. I would hope tonight that during the President's State of the Union address he will touch upon the concerns that the health care industry has, that our providers have in regards to the inadequacy of reimbursements rates, but also what plan he has to turn the budget around so we can get back to balance; so we can exercise some fiscal discipline again in

our budgetary decisions; so we can prepare the next generation of Americans, our children and grandchildren, to deal with the challenges that they will face in their lifetime.

One of my greatest fears, as the father of two little boys who are only 4 and 6, is that we are setting them up for failure.

□ 1530

Mr. Speaker, I am referring to the future generation of Americans who we are going to leave a legacy of massive debt to, and at the same time ask them to afford the programs for this massive baby boom retirement which is going to start in a few short years.

Those are some of the issues that hopefully the President will also delve into given the limited amount of time that he will have in the State of the Union Address. I think these are crucial issues to the people back in my district who are wondering how are we going to deal with the massive budget deficits which jeopardize the long-term economic security of our Nation, while also being able to make the crucial investments that need to be made in the health care system, in our education systems so our kids can stay competitive, and also in preserving and conserving our natural resources in this country.

We need to walk and chew gum at the same time. We need to do this together. Hopefully we will have an atmosphere of bipartisanship as we move forward on these important issues in the weeks and months ahead.

Mr. PALLONE. Mr. Speaker, I am glad the gentleman brought up this issue of the debt. I would like to end this Special Order with that issue because I think it is so important.

I remember when I was first elected, which was about 15 years ago now, and a Member used to come down every afternoon or evening during this time of Special Orders with a huge sort of digital clock that ran the length of this podium here that had the amount of the debt and how it was increasing every minute or 15 minutes, and the Republican Party were in the minority then, and they made that a basic premise. We had to get rid of this Federal deficit.

Finally when we did under President Clinton, the last couple of years we had a surplus, that is when the economy was in the boom times. We all know if we create a surplus, it helps the economy. The Federal Government is not taking away money that private industry uses to create new jobs and new production.

Even in the President's State of the Union Address last year, the President said that he wanted to control the debt. If there was any debt, it would be short-term, it would not continue to grow. Now all of a sudden silence as if it does not matter anymore.

I have one statistic. It was in the New York Times January 16 when the OMB Director Daniels suggested that

the budget is not likely to be in surplus in the next 10 years. I do not want to say that Republicans do not care, but they seem to be really downplaying this as if it does not matter. The gentleman from Wisconsin is right, this is essentially an inheritance tax on our children. They are going to have to pay it back.

I wish we would hear something from the President about how he is going to deal with this deficit because from what I can understand, if we were able to implement his economic stimulus package, if we then made the tax cuts that were passed last year permanent, and then add the cost of the war in Iraq, which might be 2- to \$300 billion, if that happens, we could be talking about a couple-trillion-dollar deficit. I do not understand how, and again it goes back to the credibility gap. He makes commitments how we are going to keep the deficit under control, and then we find out it is very much the opposite.

Mr. Speaker, I yield to the gentleman from Wisconsin.

Mr. KIND. Mr. Speaker, I believe now is as good a time as any for the baby boom generation, this massive demographic bubble that is working its way through our society and aging ever so gracefully, to step into this political debate. I think the message is being delivered to them that they can have it all, that they can have massive tax cuts today and retirement security tomorrow, when it is really their generation and the challenge that their generation poses that we need to come to grips with.

I have to believe that the President is a good son, loyal and dutiful and listens to his mom and dad. I think it would be wise if the President were to listen to what his father said when it was proposed, this type of economic plan was proposed to him back in the early 1980s, where they would have huge increases in spending, coupled with large tax cuts, which would lead to large budget deficits, which did occur during the decade of the 1980s and the early 1990s. The first President Bush called it voodoo economics because he knew what would transpire.

It is like *deja vu* all over again, the economic policies coming out of this White House: Huge increases in spending, although they want to claim to be the party of fiscal constraint. We had a 10 percent growth in government spending last fiscal year alone. On the current track, we are going to be pretty close to that this fiscal year. Double that with the large tax cuts which have been enacted, with the increased spending and the reduction in revenue, we are going to have massive budget deficits forming. That is why the Office of Management and Budget, their own economic analysts are saying \$300 billion in projected deficits this year alone without even counting a military obligation in Iraq, which could blow the lid off everything else.

I feel there is time to recover. We have not slid too far down that road

yet where, without further budgetary discipline, we could not turn this ship of state around in the nick of time. Unlike the decade of the 1980s and the early 1990s when these huge deficits accumulated, we do not have the luxury of a decade of the 1990s to reduce the deficit and start running some surpluses again in time for this massive retirement that is about to begin with the baby boom generation.

We have a lot of work cut out for us this year, and hopefully some people are starting to pay attention to the looming economic crisis that budget deficits most assuredly will bring, and we will act accordingly.

Mr. PALLONE. Mr. Speaker, I thank the gentleman. The whole goal of this Special Order is to say do not mislead us. If we have a State of the Union Address tonight, be honest where we are going, what we are going to accomplish and what it is going to cost. We are not going to be able to do it all, and the President basically has to confront that issue, and I hope he does.

AMERICAN FOREIGN POLICY

The SPEAKER pro tempore (Mr. PENCE). Under the Speaker's announced policy of January 7, 2003, the gentleman from Pennsylvania (Mr. WELDON) is recognized for 60 minutes as the designee of the majority leader.

Mr. WELDON of Pennsylvania. Mr. Speaker, I rise tonight on the eve of the historic State of the Union the President is going to provide to the American people to discuss the role that Congress has played in a very constructive way, in a very bipartisan way in assisting this President in some of the most difficult foreign policy decisions that have ever confronted this Nation.

We have heard a lot of rhetoric about the partisan politics of this President not doing what he said he would do and this President wanting to go into war and jump ahead of events and threaten the lives of the American people, and we all know that is just rhetoric. This President, to his core, does not want war. This Congress does not want war. This Congress and this President do not want conflict. So when Members on either side get up and spew out rhetoric that makes it appear that this President is bent on creating conflict with Iraq or North Korea, it is untrue.

I want to analyze some of the events that occurred over the recent recess, the role of Congress in a constructive way to assist this President on foreign policy. I want to lay the groundwork for what I think will be the President's comments tonight about some of the most difficult crises that we face today.

Much of the President's speech tonight will focus on domestic issues, and I look forward to that because we have to have a blueprint to restart this economy. He will talk about education, about health care and prescription drugs, and those are issues that we

have to continue to address, and this President has a plan for those issues. He has a national energy strategy that we passed in the House that got hung up in the Senate last year. We passed a prescription drug bill which could not get through the Senate. The President tonight will challenge us to complete the work domestically that he has outlined for us in the past, and he will outline a new vision in terms of jump-starting the economy.

But the real focus has to do with our national security, because as we all know, Article I, section 8 of our Constitution, which defines the role of the Congress, does not mention health care as a key priority. It does not mention the environment as a key priority. In fact, it does not mention education. But Article I, section 8 mentions the responsibility of the Congress. In five specific instances it mentions this: To provide for the common defense of the American people. That is our ultimate responsibility, because without a strong defense, we cannot have an education system, quality health care, or a decent environment. A national security provides that underpinning.

It is amazing to me when I hear the candidates who have announced they are running for the President 2 years down the road get up and spew out this rhetoric about how this President has caused all of these hostile relations with Saddam Hussein and other leaders around the world.

I would remind Members, it was over the past 10 years that when we as a Nation did not enforce the arms control agreements already on the books that technologies were transferred out of Russia and China 38 times. In fact, I had the Congressional Research Service document those 38 instances. Thirty-eight times during the 1990s we had solid evidence of technology being leaked, illegally sold and transferred out of Russia and China to five countries. Those five countries were Iran, Iraq, Syria, Libya and North Korea. What were those technologies? They were chemical and biological precursors that would allow Saddam Hussein to build chemical and biological weapons. They were missile components to allow Iraq and Iran to build their medium-range missile systems that they now have today. They were nuclear components to allow these countries to develop nuclear weapons capabilities.

Mr. Speaker, all that occurred during the 1990s, and the documentation showed it occurred 38 times. Of those 38 instances, we imposed the required sanctions of the treaties less than 10 times. The other 28 times we pretended we did not see it, partly because our policy towards Russia during the 1990s was to keep Yeltsin in power; and, therefore, we did not want to raise any concerns that might embarrass Yeltsin back to Moscow. So even though we knew this technology was flowing, we pretended we did not see it.

I remember very vividly a meeting in Moscow in May 1997 in the office of